

May 18, 1998

The Honorable John McCain, Chairman  
The Honorable Ernest F. Hollings, Ranking Member  
Committee on Commerce Science and Transportation  
508 Dirksen Senate Office Building  
Washington D.C. 20510

Dear Senators McCain and Hollings:

The National Association Of Convenience Stores (NACS) is writing to express our thanks and appreciation for addressing our primary concerns surrounding the "National Tobacco Policy Youth Smoking Reduction Act- (S. 1415) which is being considered this week.

AS you know, NACS first expressed opposition to S. 1415 because it would have given FDA expansive authority to prohibit tobacco sales by specific categories of stores. This authority was so broad, that many small businesses , who have themselves had no record or history of unlawful sales to minors, could lose the ability to sell a legal product. Our second concern was that the legislation would exempt certain tobacco retailers from all point-of-sale restrictions thereby placing traditional retailers, such as convenience stores, at a serious competitive disadvantage.

Over the last several weeks we have had an opportunity to meet with your respective staffs and discuss alternatives to these issues while also ensuring that we reach our common goal -- reducing underage consumption of tobacco by minors. NACS is very pleased that we have reached an agreement with your committee and others involved in the process and NACS will not object to the Senate's passage of S. 1415. NACS will also communicate this message to all our members as well as allied trade associations that have expressed similar concerns.

Thank you again for your willingness to work with our industry on these very critical issues.

Sincerely,

Marc Katz  
Vice President, Government Relations

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### Retailer-Related Message Points

- The McCain bill is unreasonable and excessive. It is a Washington power-grab that would have far reaching and devastating consequences for the retail industry.
- In the real world, a \$ 1. 10 per pack tax increase translates into a retail price increase of \$2.50 cents per pack. Today, this would bring the price of a pack of cigarettes to near \$5.00 per pack. David Adelman of Morgan Stanley Dean Witter estimates volume will decline by 46% within five years. Many convenience store rely on tobacco for up to 30% of their yearly profits. A 46% decline in volume will cost jobs and destroy businesses.
- The McCain bill bans self-service displays. Retailers will have to retrofit stores, at significant cost, to move product behind the counter.
- The McCain bill guarantees the creation of an ever-larger black market for cigarettes. The problem is already acute in states like California, Michigan and New Jersey. Convenience stores cannot compete with tax-free black market cigarettes.
- The McCain bill would give almost unlimited power to regulate the sale of cigarettes to the Food and Drug Administration (FDA) and HHS. It would create no fewer than 17 new federal agencies. The FDA would be allowed to create a patchwork of inconsistent state laws regulating the sale of tobacco products. In addition, it would allow each state to enact its own rules. Retailers with stores in more than one state will have to hire more people just to work through the bureaucratic red tape.
- The FDA could ban cigarettes outright without consultation with or the advisement of anyone other than their own bureaucracy

CHAIRMAN OF THE BOARD

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(781) 891-8880 ext. 200  
FAX (781) 647-0320  
(79 Stores) - Term Expires 1998

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(10 Stores) - Term Expires 1996

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FAX (908) 534-9216  
(98 Stores) - Term Expires 1999

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(405 Stores) - Term Expires 1998

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Atlanta, GA 30348  
(770) 431-7600  
FAX (770) 433-2269  
(387 Stores) - Term Expires 1998

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\*John J. Hansen  
Kwik Trip, Inc.  
President & CEO  
1626 Oak Street  
P. O. Box 2107  
La Crosse, WI 54602-2107  
(608) 781-8989  
FAX (608) 781-8950  
(255 Stores) - Term Expires 1998

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Minit Mart Foods, Inc.  
CEO and Chairman of the Board  
P. O. Box 90011  
958 Collett Avenue  
Bowling Green, KY 42102-9011  
(502) 781-3378 ext. 246  
FAX (502) 781-3388  
(106 Stores) - Term Expires 1998

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\*Albert C. "Woody" Woodroof, III  
Spectrum Stores, Inc.  
President  
P. O. Box 272  
824 Third Avenue  
West Point, GA 31833  
(706) 645-2275  
FAX (706) 645-3446  
(47 Stores) - Term Expires 1998

NACS PAST CHAIRMAN

\*Jim E. Yates  
E-Z Mart Stores, Inc.  
Chairman of the Board  
602 West Falvey  
P. O. Box 1426  
Texarkana, TX 75504-1426  
(903) 832-6502 ext. 201  
FAX (903) 838-6825  
(364 Stores) - Term Expires 1998

Daniel Abraham  
Garb-Ko, Inc.  
Chairman/CEO  
3925 Fortune Blvd.  
P. O. Box 5947  
Saginaw, MI 48603-0947  
(517) 799-6937 ext. 111  
FAX (517) 799-9206  
(143 Stores) - Term Expires 1999

Henry O. Armour  
West Star Corporation  
President  
P. O. Box 2527  
Olympia, WA 98507  
(360) 754-9595 ext. 360  
FAX (360) 786-9524  
(20 Stores) - Term Expires 1998

Richard T. Crawford  
Green Valley Grocery  
President  
3915 W. Twain  
Las Vegas, NV 89103  
(702) 367-0056  
FAX (702) 367-9838  
(15 Stores) - Term Expires 1998

Bill Douglass  
Douglass Distributing Company  
CEO  
P. O. Box 1124  
325 East Forest Avenue  
Sherman, TX 75090  
(903) 893-1181  
FAX (903) 892-8783  
(8 Stores) - Term Expires 1999

Jorge Alberto Estenssoro  
Servired YPF S.A.  
Lima 339, piso 10  
Buenos Aires, Argentina 1073  
011-54-1-329-5736  
FAX 011-54-1-329-5736  
(25 Stores) - Term Expires 1998

William "Chris" Girard  
Plaid Pantries, Inc.  
President/CEO  
10025 S.W. Allen Blvd.  
Beaverton, OR 97005  
(503) 526-8300  
FAX (503) 646-3071  
(105 Stores) - Term Expires 1998

James Lawrence Hunt  
Lawrence Hunt & Co. Ltd.  
Managing Director  
408 Liverpool Road  
Penwortham, Preston  
U.K. PR1 0DQ  
011 44 1772 747465  
FAX 011 44 1772 749624  
(22 Stores) - Term Expires 1998

Arnold Kimmel  
Quickie Convenience Stores  
CEO  
2520 St. Laurent Blvd.  
Ottawa, Ontario  
Canada K1H 1B1  
(613) 736-7962  
FAX (613) 736-7970  
(42 Stores) - Term Expires 1998

W. A. (Bill) Krause  
Krause Gentle Corporation  
President  
4201 Estown Parkway  
Suite 220  
W. Des Moines, IA 50266  
(515) 226-0128  
FAX (515) 226-0995  
(139 Stores) - Term Expires 1998

Donald F. Lamberti  
Casey's General Stores, Inc.  
CEO  
P. O. Box 3001  
One Convenience Blvd.  
Ankeny, IA 50021-8045  
(515) 965-6103  
FAX (515) 965-6160  
(990 Stores) - Term Expires 1998

John Lattaizio  
J & J Mini-Markets  
President  
1306 Indian Wells Road  
Alamogordo, NM 88310  
(505) 434-1100  
FAX (505) 434-6286  
(6 Stores) - Term Expires 1998

John M. MacDougall  
Nice N Easy Grocery Shoppes, Inc.  
President  
RD 3 - Oxbow Rd.  
Canastota, NY 13032  
(315) 697-2287  
FAX (315) 697-9858  
(89 Stores) - Term Expires 1999

Ron McClung  
Ronaco, Inc.  
President/CEO  
1720 S. 272nd  
Des Moines, WA 98198  
(206) 839-8275  
FAX (206) 839-8408  
(10 Stores) - Term Expires 1999

Stanley M. Martin  
Quality Dairy Co.  
President  
111 W. Mt. Hope Ave.  
Lansing, MI 48910  
(517) 371-4955  
FAX (517) 484-6747  
(30 Stores) - Term Expires 1998

Gus Olympidis  
Family Express Corporation  
President/CEO  
1951 Northland Drive  
Valparaiso, IN 46383  
(219) 462-0144  
FAX (219) 477-5499  
(23 Stores) - Term Expires 1998

Jack C. Pester  
Coastal Mart, Inc.  
Chairman & CEO  
9 Greenway Plaza  
Houston, TX 77046  
(713) 877-1400  
FAX (713) 297-1130  
(600 Stores) - Term Expires 1999

John F. Pettus  
SuperAmerica Group  
President  
P. O. Box 14000  
Lexington, KY 40512  
(606) 357-2076  
FAX (606) 357-2063  
(625 Stores) - Term Expires 1998

Stanton Sheetz  
Sheetz, Inc.  
President  
5700 6th Avenue  
Altoona, PA 16602  
(814) 941-5148  
FAX (814) 946-4375  
(184 Stores) - Term Expires 1998  
Tom Severson  
Severson Oil Company  
President  
265 E Mart Street, Box 736  
Winona, MN 55987  
(507) 452-4743  
FAX (507) 452-2575  
(6 Stores) - Term Expires 1999

Duncan Thomas  
Q-Markets, Inc.  
President/CEO  
6719 Janway Road  
Richmond, VA 23228  
(804) 262-4749  
FAX (804) 262-4851  
(7 Stores) - Term Expires 1999

Stephen D. Visocan  
Pop Inn  
President  
P. O. Box 5564  
Helena, MT 59604  
(406) 442-7202  
FAX (406) 442-1167  
(7 Stores) - Term Expires 1999

Russell M. Wallace  
Country Cupboard Food  
President  
40 Hightower Parkway  
Dawsonville, GA 30534  
(706) 216-3261  
FAX (706) 216-4263  
(64 Stores) - Term Expires 1998

\* Member, Executive Committee for Association Administration

51847 7853

# KEY CUSTOMERS

Account	Date Contacted	RJR Mgr. Name	Account Seen Letter		Letter/info Provided		Acct Position on McCain Bill/NACS Ltr		Action taken on NACS Letter
			Yes	No	Yes	No	For	Against	
H. T. Hackney									
Eby-Brown									
Core Mark									
Emro Marketing									
Food Lion									
RaceTrac Petroleum									
Clark Oil									
SuperAmerica Group									
Sheetz									
Casey's General Store									
BP Oil									
J. T. Davenport & Sons									
S. Abraham & Sons									
GSC Enterprises									
Miller & Hartman									
McLane Co./Wal Mart									
Pantry									
Costco									
ARCO									
Cumberland Farms									
Circle K									
Southland									
Albertson's									
F. A. Davis									

Account	Date	RJR Mgr.	Account		Letter/info		Acct Position on		Action taken on
	Contacted	Name	Seen Letter		Provided		McCain Bill/NACS Ltr		NACS Letter
			Yes	No	Yes	No	For	Against	
WaWa/Red Roof									
Quiktrip Corp									
Ultramar Diamond Shamrock									
Phillips 66									
Kwik Trip									
Mobil PBD-USA									
Sun Company, Inc.									
Mapco Petroleum									
Amerada Hess Corp.									
Total Petroleum, Inc.									
Dairy Mart Corp.									
AMOCO Oil									
Coastal Mart, Inc.									
E-Z Serve Corp.									
Star Enterprises									
Wareco Oil Company									
Pilot Oil									
Chevron USA									
Exxon Company, USA									
Thornton Oil									
Uni-Marts, Inc.									
Merit Oil Corp.									
USA Petroleum									
E-Z Mart									
Village Pantry									
Wilco Food Mart									